

of England against any loss which might be incurred in *discounting* approved bills of exchange of the date just mentioned. The Bank of England, accordingly, on the application of the holder of any approved bill of exchange accepted before the 4th August, was prepared to discount at any time prior to maturity and at the bank rate, "without recourse to such holder" [thus providing funds for renewed business transactions]; and, further, when the bill matured, the bank would, with the object of aiding the resumption of normal commercial operations, grant the acceptor the opportunity, until further notice, of postponing payment of the bill—interest meantime being charged at 2 per cent in excess of the varying bank rate. Here certain expressions require notice, but before considering them it is well to summarise the successive stages towards securing the uninterrupted efficiency of bills of exchange in their primary function of facilitating and extending trading activity and enterprise: (1) The Royal Proclamation of the 2nd August deferred the period of maturity for one month; acceptors thus gained time for ensuring their position and providing for their commitments in the hopefulness that the dislocation of the foreign exchanges might be adjusted, and remittances, with which to meet the bills, thus become practicable *abroad*. But (2) experience failed to convert that hope into realisation, and, moreover, commerce was restrained, since the banks did not appear to be disposed to lock up further funds in the purchase of new bills when the value of those which they already held was not definitely assured. But when banks will not invest in bills, the bill-brokers (who "live and move and have their being" in these transactions) are abruptly placed at a standstill in business, since, with this disposition on the banks' part, they cannot rely upon bankers purchasing such documents in turn. Hence, the market for discounts stagnated, and foreign trade disastrously tended to become frustrated, in consequence of the difficulty in drawing¹ and selling bills. How was the Chariot of Commerce to speed upon its course when its wheels—these Bills—were suddenly

petrified into rigidity ? (3) The removal of this *impasse* was effected by the action of the Bank of England which I have just narrated, founded upon the Government's guarantee. (4) It